

30 September 1963

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FROM : Chief, Publications Staff, ORR

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Syrians Reportedly Dissatisfied With Soviet Plans for Fertilizer
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Copies #179 - #198 of CB 63-77

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APPROVED FOR RELEASE
DATE: 10/1/63
BY: NDB

Current Support Brief

SYRIANS REPORTEDLY DISSATISFIED
WITH SOVIET PLANS FOR FERTILIZER PLANT



CIA/RR CB 63-77

23 September 1963

CENTRAL INTELLIGENCE AGENCY
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SYRIANS REPORTEDLY DISSATISFIED
WITH SOVIET PLANS FOR FERTILIZER PLANT

It has been reported that an official of the Syrian Ministry of Industry has stated that his government is dissatisfied with Soviet plans for a fertilizer plant which the USSR is scheduled to build for Syria. 1/ He allegedly stated that the planned Soviet fertilizer facilities were outdated and proposed that the USSR purchase the necessary modern equipment from the Free World, or the Syrians would purchase it themselves.

1. Background

The plant referred to is an ammonium nitrate facility with a capacity of 110,000 tons per year that will operate in conjunction with the Syrian petroleum refinery at Homs. This chemical fertilizer plant reportedly is capable of furnishing a large part of Syria's fertilizer needs and is an important adjunct to its agricultural and industrial development plan. 2/ Soviet involvement in constructing the plant dates back to its inclusion in the Soviet-Syrian Credit Agreement of 1957. The Syrians claimed, however, that they were not bound by this agreement to buy from the USSR and requested the US and other Western countries to submit proposals for constructing the plant. 3/ The US stated that it would have to make an economic-technical feasibility study before submitting any proposal, and the Syrians agreed. 4/ Action by the US was suspended after several months of work when the Syrians acknowledged in July-August 1960 that they were considering Soviet offers. 5/ A contract with the USSR was signed in September 1960 that calls for construction in two stages, with the operation of the first stage (55,000 tons) to begin in 1964. 6/ Cost of the plant and associated power facility was reported to be about 100 million Syrian pounds (US \$28 million). 7/

2. Soviet Performance

To date, the USSR has made little headway in constructing the fertilizer plant and as of May 1963 had expended less than 2 percent of its

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commitment. 8/ Delays in part have stemmed from Soviet-Syrian disagreements over costs and plans. Final plans for the plant reportedly were not received by the Syrians until mid-1962. 9/ Construction also was delayed by extensive Soviet studies, which some observers interpreted as a cover-up for Soviet inability to proceed promptly on the project. 10/ Still other problems arose over training of Syrian technicians. After efforts to have these technicians trained in the US or West Germany failed -- the Syrians preferred training in the West to that in the Bloc -- the USSR eventually agreed to receive these trainees, 12 of whom reportedly went to the USSR early in 1963. 11/ Some Soviet equipment for this plant, however, reportedly has arrived in Syria, and 17 Soviet fertilizer experts reported for work on the project in April 1963. 12/

In undertaking the construction of this fertilizer plant in Syria, the Soviet officials have placed themselves in a difficult position. On the one hand, the USSR apparently is unable to provide a plant as modern in all respects as the Syrians want. (A similar plant for Rumania in 1962 was termed "antiquated" by a qualified observer. 13/) On the other hand, the USSR is reluctant to install Western equipment in the plant, because such action would entail a serious loss of face. Moreover, any resources, either human or material, that are committed to this project detract from the domestic program for expansion of fertilizer production -- at present the highest priority economic program in the USSR. In November 1962 the Soviet government withdrew from negotiations with Burma for a fertilizer plant on the grounds that internal Soviet commitments in this field would require utilization of all available resources.

If Soviet performance on this project does not improve, it could damage the favorable image that the USSR has tried to create in Syria. Although there is no evidence to suggest that the Syrian regime has considered breaking off contractual arrangements with the USSR, it is conceivable that this move could take place if the USSR adopted a callous, intractable attitude toward the Syrian request for an efficient fertilizer plant.

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Sources:

1. State, Damascus. Airgram A-23, 28 Jul 63. C.
2. Chemical Age, 25 Apr 59. U.
3. Middle East Economist, Mar 60. U.
4. State, Damascus. Dsp 536, 13 Apr 60, p. 2. C.
5. Ibid.
6. State, Damascus. Dsp 6-90, 13 Apr 61. C.
7. State, Damascus. Dsp 260, 20 Oct 61. C.
8. CIA, FDD. Summary no 2714, 5 Jan 61. C.
9. Middle East Business Digest, vol V, no 70, 1 Mar 61. U.
10. Beirut, ANA, 30 Jul 61. OFF USE
11. State, Damascus. Airgram A-45, Inclosure 1, p. 3, 12 Aug 63. S.
12. State, Damascus. Airgram A-34, 27 Jul 62. OFF USE.
13. State, Damascus. Dsp 198, 21 Dec 60. C.
14. State, Damascus. Airgram A-176, 30 Nov 62. S.
15. Ibid, Airgram A-395, 20 Jun 63, p. 4. U.
16. CIA. Insurgency and Counterinsurgency in the Near East (25), Summary no 4580, 24 Apr 63, p. 64. C.
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